HMRC Taxpayer Charter: CIOT response to the government consultation

General Features

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Our response to the government review of the HMRC Charter focuses on the lack of negative consequences for HMRC if they fail to meet their Charter obligations and suggests consideration should be given to penalising HMRC for their failure to adhere to their own Charter obligations, including requiring them to financially compensate taxpayers where delays, inconvenience or additional costs have resulted, so as to make the Charter effective. The CIOT has submitted a wide-ranging response to the government review of the HMRC Charter.

The Charter sets out the standards of behaviour and values that HMRC aspires to when interacting with taxpayers and vice versa. HMRC's Charter reflects a legal requirement under FA 2009. The legislation states that the Charter 'must include standards of behaviour and values to which HMRC will aspire when dealing with people in the exercise of their functions'.

HMRC began work to review the Charter in September 2019. Its ambition is for the revised Charter to set out more clearly the experience that it wants to deliver to its customers. This supports the recommendation made by the Loan Charge Review in December 2019 that HMRC's Charter be reviewed 'to set higher expectations of performance during interactions with members of the public and ensure that staff are offered training on how to deliver it'.

This Charter review also supports recommendations from the House of Lords Economic Affairs Committee report 'The powers of HMRC: treating taxpayers fairly' in December 2018. This report recommended that 'the Charter is amended to clarify HMRC's responsibilities towards unrepresented taxpayers including that issues are clearly set out, legislation is

explained and rights to review and appeals are made accessible'.

Our response commented on the few, if any, negative consequences for HMRC if they fail to meet their Charter obligations, and their performance targets. We said that it is hard to see how these aspirations can be effective without sanctions, noting that this is well understood as regards taxpayers: there can be significant negative consequences, including interest and penalty charges, if taxpayers fail to meet their general obligations to file tax returns and pay tax on time.

We suggested that if there is to be a true partnership between HMRC and their customers, as envisaged in the proposed Charter, both should accept that they may be appropriately penalised for their failures. In the case of HMRC, we said that this should include being required to financially compensate their customers where delays, inconvenience or additional costs result. Without this, the impression that there is one rule for HMRC and another for taxpayers creates a sense of unfairness and is damaging to willing and effective compliance.

The CIOT's submission states that the Institute does not support the proposed new Charter as currently drafted. This is because while the wording of the proposed updated Charter might be considered more 'user-friendly', it lacks the clarity and hence the authority of the existing Charter. Not only does the proposed wording appear to 'lower the bar' in terms of HMRC's obligations, it excludes a number of key elements which are present within the existing Charter, such as commitments by HMRC to keep any costs to the taxpayer at a minimum, and make sure that the taxpayer is dealt with by people who have the right level of expertise.

The CIOT believes that the existing Charter, with a few modest updates, would provide a sound basis for the future and would set out adequately the values and principles of HMRC, and customers' rights and obligations when dealing with HMRC. In particular, the CIOT favours the 'two-way' approach, setting out separately both HMRC's obligations and those of its 'customers' (taxpayers).

The CIOT also said that there should be greater efforts to promote the Charter within both HMRC and the wider public.

We said that there needs to be greater awareness of the Charter. Some of the conduct we have seen suggests that some HMRC officers are not aware of, or are not implementing, the Charter behaviours. We said that this needs to be addressed. Awareness among taxpayers also needs reinforcing, particularly among individuals

and small businesses.

The CIOT suggests that awareness of the Charter and its implementation could be gauged within HMRC's Civil Service People Survey and their annual Individuals, Small Business and Agents Customer Surveys. Our response argues that HMRC's performance measures should focus also on delivery of their Charter obligations, and could be measured through a variety of means such as Webchat feedback, GOV.UK customer feedback ratings and 'cold' reviews of a sample of interactions between HMRC and its customers; and that the NAO could monitor and report on HMRC's performance against its Charter as part of its audit of HMRC's annual report and accounts.

Our full response can be viewed at: www.tax.org.uk/ref648.